
**DEPARTMENT
POLICY****FIP and SDA Only**

Voluntary vendoring is a voluntary payment system whereby DHS sends part of the client's FIP/SDA grant directly to the provider(s) of shelter, heat and/or electricity. One-half of the vendored amount(s) is withheld from each semi-monthly warrant.

Cases with ineligible grantees other than SSI recipients, are not eligible for voluntary vendoring.

Clients may request vendoring at any time via the DHS-560, Vendor Payment Request, which **must be completed before vendoring begins**. Vendor payments must be at least \$2.00.

All clients with an expense for shelter (rent, mortgage, land contract or other), heat or electricity are expected to complete and sign the DHS-560 to show whether they want vendoring. This applies **even if** the only obligation is a previous unpaid bill.

Reminder: Signing the DHS-560 is **not** a condition of eligibility. Make a note of refusal on the DHS-560 or DHS-1171, Assistance Application.

Have a DHS-560 completed:

- At application, **and**
- When a client wishes to start or stop vendoring, **and**
- When the client moves.

The existing DHS-560 remains in effect until a new one is completed and signed, **even if** the information is changed in Bridges.

Note: Unless a new DHS-560 is obtained after interoffice case transfer, incorrect provider information will remain in the case record.

A new DHS-560 is **not** needed to reinstate a case.

Encourage clients to continue their enrollment in voluntary vendoring. However, stop voluntary vendoring **promptly** when a client makes a **written** request (via DHS-560 or otherwise).

The total vendored amount must leave at least a \$2.00 grant. If less than \$2.00 remains, see **Setting Vendor Priorities** in the **VENDOR PAYMENTS** section in this item.

VENDOR PAYMENTS

Providers

Shelter providers seeking vendored payments must **first**:

- Furnish their federal employer ID number, Michigan temporary ID number, or social security number; **and**
- Enroll in the Model Payments System (MPS); see BAM 435.

Shelter

The client may specify any monthly amount to be vendored.

Clients in manufactured (mobile or modular) homes may choose to have home purchase and lot rental payments vendored separately.

Rent

To have rent vendored, the client must **first** complete the DHS-560 section indicating he agrees/objects to release of his name and address to the local housing code enforcement authority.

Note: Enforcement authorities include the Michigan Department of Community Health.

Vendor payments are not affected if the client objects to the information release.

In Bridges under Wrap Up, Issuances-Details and answer Yes to vendor assignment. On the Cash Vendor Assignment Details page, select the Vendor Type Shelter and enter the Vendor Amount. The local office is to complete a DHS-4493, Local Agency Code Compliance Referral, attach the CF-090 and forward them to the housing authority.

Vendored Rent NOT Authorized in Certain Situations

Do not authorize vendored rent in the following situations:

- The local housing authority notifies DHS that

- The dwelling fails to meet the housing code, **or**
- The landlord has failed to cooperate with housing code policies and procedures.
- The landlord rejects energy conservation measures offered by DHS or a positive billing company that were determined necessary to reduce consumption to an acceptable level.
- The landlord is delinquent on payment of property taxes.
- Title to the rental property reverts to the State for nonpayment of property taxes.

The housing authority uses an DHS-4494, Housing Code Compliance Notice, to notify DHS that:

- A rental unit does **not** meet the housing code.
- A rental unit previously out of compliance now meets the housing code.

Stop vendoring within five workdays if notified of noncompliance with a housing code **or** an energy conservation program offered by DHS. **Do not** reauthorize vendoring to **that rental unit** (even when another client occupies it) until notified by the housing authority or energy provider that compliance has been established.

Note: The local office is responsible for maintaining a list of rental units out of compliance.

Heat and Electric

The minimum amount vendored is determined by the number of recipients receiving cash benefits; see the Table of Monthly Energy Required Payments in ERM 301.

Clients may choose to vendor more than the required amount for their eligible group size to ensure the minimum required payments are being made based on the household size.

Only one heat provider and one electric provider may be vendored for the case at any one time, **except** for arrearage vendoring. The amount(s) withheld are sent directly to the provider twice a month. (Refer to Wizards in Bridges for an explanation of entries for vendoring.)

Setting Vendor Priorities

Bridges allows up to six vendor situations. However, if the total would leave a grant of under \$2.00, assist the client to choose the most important. The following is a suggested order of vendoring priorities:

Note: A shelter judgment arrearage vendor takes priority over **all** other vendors.

1. Shelter arrearage.
2. Shelter.
3. 2nd shelter (such as mobile home lot rental).
4. Heat.
5. Electric.

Supplements and Lost, Stolen, Returned or Replaced Warrants

Vendor supplements are processed by Central Office accounting. To replace a **lost or stolen** single-client vendor warrant (**not** a consolidated vendor warrant) see BAM 500.

To rewrite a **returned** single-client vendor warrant see BAM 505.

Treasury Offsets

The Department of Treasury may withhold, or offset, money from a vendor warrant when the provider has an outstanding debt to the State. A vendor payment which is offset by Treasury against a debt owed by the provider to the State is legally considered to have been paid to the provider.

Refer providers with questions regarding the offsets to the MI Treasury Vendor Offset Program at (517) 636-5270.

Tax ID Number Pended Payments

The Department of Treasury identifies MPS enrolled providers whose tax ID numbers (federal employer or Michigan temporary ID) are incorrect on MPS or not registered with Treasury. DHS holds the vendor payments for 30 days or until the problem is resolved, whichever is earlier.

Note: The provider and client are also notified; see **Provider/Client Notices** in this item.

The Payment Information Unit (PIU) in central office processes incorrect and unregistered tax ID numbers. The provider is requested to furnish the correct number or confirm the information on file within 14 days of the pended payment.

If the problem is **not** resolved timely, a supplement is issued to the client to replace each pended vendor warrant. Money held by DHS beyond the negative action date is issued to the provider, regardless of the reason vendoring stops.

When payment is made, the warrant number and amount, warrant date and payee are also posted.

Providers who contact the local office with a tax ID number problem should be referred to the PIU:

Department of Human Services
Payment Information Unit
P.O. Box 30037
Lansing, MI 48909
(800) 444-5364

PROVIDER/ CLIENT NOTICES

Bridges generates an DHS-4327-M, Vendor Payment Notice, to the provider and/or client for vendoring actions.

Both providers and clients are notified of the following:

- Vendoring begins. The Vendor Action (client request, money mismanagement) determines the DHS-4327-M content.
- The vendored shelter amount changes.
- Vendoring stops and is **not** started again to the same provider the same day.
- Vendor payments are held due to a tax ID problem.

Only clients are notified of the following:

- A change in the eligible group affects the heat/utility allowance.
- Vendoring to a particular provider starts, then stops (or stops, then starts) the same day.

No notice is sent for other corrections in vendor data.

VENDOR WARRANTS

Individual Vendor Warrants

The Department of Treasury issues individual vendor warrants for each client with vendoring. The vendored amount is withheld from the client's regular semimonthly warrant and usually sent to the provider within four days after the regular warrant. Each vendor warrant includes half of the client's monthly vendor payment.

A stub attached to the vendor warrant states:

- Case name.
- Case number.
- FIS/ES workload number.
- Client's address.
- Client's billing account number
- Pay period (for example, Jan. 1st half) the warrant is issued for.
- Message identifying the warrant as a vendor payment.
- \$1.00 processing fee deducted (shelter judgments only).

Consolidated Vendor Warrants

Shelter, heat and electric providers with a signed agreement with DHS receive consolidated vendor warrants for multiple clients. The vendored amounts are withheld from the clients' regular semi-monthly warrants.

The total heat and electric deductions or shelter payments of all clients with vendoring to the provider are combined into weekly warrants as follows:

- 1st week - First semimonthly payments for clients with case numbers ending in 0-4.
- 2nd week - First semimonthly payments for clients with case numbers ending in 5-9.
- 3rd week - Second semimonthly payments for clients with case numbers ending in 0-4.

- 4th week - Second semimonthly payments for clients with case numbers ending in 5-9.

CAP NOTICE**Client Cap Notice
DHS-4327-Y**

Clients whose allowances are vendored to the provider will continue to have their allowances vendored to their provider after reaching the fiscal year cap. DHS-849 payments for usage over the cap can only be authorized by exception.

**EXHIBIT - SAMPLE
LETTER TO
SHELTER PROVIDER
WHEN A VENDOR
WARRANT IS
CREDITED****PROVIDER****DATE**

Client

Vendor payments which you have been receiving for shelter on behalf of the above named client will stop for a one month period effective (date) . Payments for this period are the responsibility of the client.

If you have any questions about this letter, contact the specialist whose workload number appears below.

LOCAL OFFICE

LEGAL BASE**FIP**

P.A. 280 of 1939, as amended
P.A. 368 of 1996

SDA

Annual Appropriations Act

Michigan Administrative Code; R 400.3151-400.3180
